Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Assessment and Collection of Regulatory Fees	)	MD Docket No. 17-134
for Fiscal Year 2017	)	

PETITION FOR DEFERRAL OF 2017 REGULATORY FEES OF UNO RADIO GROUP

Uno Radio Group is the parent entity of six (6) separate FCC licensee entities, (Arso Radio Corporation, Turabo Radio Corporation, Madifide, Inc., Uno Radio of Ponce, Inc., Caribbean Broadcasting Corporation and WIAC-FM, Inc., collectively hereinafter "URG"), which in turn are the licensees of, collectively, nine (9) FM Stations, six (6) AM stations, one (1) FM Translator and three (3) FM Booster stations, all licensed to various communities on the island of Puerto Rico.

One of URG's subsidiary licensees, Arso Radio Corporation ("ARSO")[1] submitted comments in response to the Commission's *Notice of Proposed Rulemaking*[2] ("*NPRM*") relative to the assessment of regulatory fees to broadcast licensees for Fiscal Year 2017. However, in the Report and Order released September 5, 2017[3], the Commission declined to adopt the requests by ARSO to reduce regulatory fees for the two lowest population tiers and to create a "fast track" waiver process for economically disadvantaged broadcasters, but did reiterate that individual licensees have the ability to request, upon substantive showings, waivers, reductions and/or deferrals of their individual regulatory

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[1] Arso is the FCC licensee of 8 of the URG primary stations and the one translator, with the remainder of the URG stations distributed amongst the other subsidiary licensee entities.

[2] *Assessment and Collection of Regulatory Fees for Fiscal Year 2017*, Notice of Proposed Rulemaking, 32 FCC Rcd 4526 (2017) (*FY 2017 NPRM*).

[3] *Assessment and Collection of Regulatory Fees for Fiscal Year 2017*, Report and Order 32 FCC Rcd _____, (2017) adopted September 1, 2017, Released September 5, 2017 ("*FY 2017 Report and Order*")

fee obligations.[4] This Petition is therefore the request for deferral of payment of regulatory fees for the Uno Radio Group licensee entities[5] until adjudication of the companion Petition for Waiver filed simultaneously herewith pursuant to 47 C.F.R. §1.1166(d), without incurring the 25% late fee penalty or causing the licensee entities to be subject to "redlight" status. The deferral time period requested is whatever period of time is necessary for the Commission to adjudicate the companion Petition for Waiver, but no longer than the six months provided for by the Commission's rules.[6] The Commission is authorized to provide grant such relief upon adequate showing.[7]

In accordance with the provisions of the *FY 1994 Order*[8], Uno Radio Group affirmatively states that payment of its collective obligations in the sum of **$86,120.00** by September 29, 2017[9] would adversely affect its ability to continue to provide programming to the listening public of Puerto Rico, including critical information concerning the restoration of power, housing, public services, transportation and all other aspects of modern life which were decimated by Hurricane Maria on September 20, 2017, as well as ongoing efforts to control mosquito population in light of the Zika virus epidemic on the island, (which will be exacerbated by the damage and flooding left by Hurricane Maria), as well as important weather information during the remainder of

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[4] *See FY 2016 Report and Order,* para. 34-36.

[5] Arso Radio Corporation, Turabo Radio Corporation, Madifide, Inc, Caribbean Broadcasting Corporation, Uno Radio of Ponce, Inc., and WIAC-FM, Inc.

[6] 47 CFR §1.1166(b) "Deferral of fees, if granted, will be for a designated period of time not to exceed six months."

[7] Fee relief may be granted based on a "sufficient showing of financial hardship." *See Implementation of Section 9 of the Communications Act, Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year*, Memorandum Opinion and Order, 10 FCC Rcd 12759, 12761-62, para. 13 (1995) (the *FY 1994 Order*).

[8] *Implementation of Section 9 of the Communications Act, Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year*, Memorandum Opinion and Order, 10 FCC Rcd 12759, 12761-62, para. 13 (1995).

[9] Puerto Rico stations were given 3 extra days (from September 26, 2017) to pay regulatory fees following Hurricane Irma, which extension was granted prior to the devastation caused by Hurricane Maria.

hurricane season, which has already seen both Irma and Maria affect Puerto Rico with physical devastation, economic, power and water disruption, destroyed homes and displaced population, and which season extends until December 1, 2017. Payment of this sum would deplete available cash and Uno Radio Group would not have sufficient cash on hand to be able to pay, inter alia, its employees' salary obligations, utility obligations to restore and continue to operate the stations, hurricane restoration expenses and other operating expenses associated with radio broadcasting, thus adversely affecting the public interest by diminishing the availability of vital programming, including health, public safety, and post-Irma recovery information, to the citizens of Puerto Rico. Uno Radio Group cannot utilize credit financing to obtain these funds as it has drawn upon all available credit to it to cover operating expenses. Compensation laws in the Commonwealth of Puerto Rico are some of the most onerous, requiring employers to provide for payment of significant amounts of vacation/sick time, together with a compulsory fixed annual bonus based on compensation amounts. It is also exceedingly difficult to terminate an employee without cause in the Commonwealth. The combination of these factors make labor costs one of the most expensive parts of a radio station's operating budget. In support of these assertions, Uno Radio Group provides as an Appendix to this Petition (as required by the *FY 1994 Order*) the applicable balance sheets, profit and loss statements, cash flow projections for July through December 2017 with notes, as well as a list of officers and their compensation, and a list of the ten highest paid non-officer employees and their compensation. In addition, a bank statement showing available cash on hand as of August 24, 2017 showing the account in overdraft position is also provided to demonstrate the lack of adequate funds. All of this financial information preceded both Hurricane Irma and Hurricane Maria, which effectively destroyed Uno Radio Group's ability to produce any revenue for the remainder of the calendar year given the total devastation incurred on the island of Puerto Rico.[10]

Based on the foregoing and attached, Uno Radio Group believes it has adequately demonstrated the basis for its requested deferral on financial need and lack of sufficient funding to maintain its broadcast programming services to the public of the Commonwealth of Puerto Rico at a critical juncture in the economic and public health crises afflicting the Commonwealth, and that grant of the requested deferral is therefore in the public interest. For the foregoing reasons, Uno Radio Group requests the Commission grant its Petition for Deferral of Regulatory Fees as requested herein until the companion Petition for Waiver of Regulatory Fees can be adjudicated.

Respectfully Submitted

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September 25, 2017

[10] Undersigned counsel has not yet even been able to ascertain the health and safety of URG principals, employees and staff due to the complete failure of power and telephone service on the island and is relying upon media reports concerning the status of the island. Reporting to the FCC's DIRS system is not yet possible due to the inability to communicate with anyone on the island to ascertain status of broadcast facilities, but general media reports suggest power outages that could extend into 2018 on the island.

APPENDIX
(FINANCIAL MATERIALS)

YE 2016 Audited Financial Statement

Balance Sheet a/o 6/30/2017

Cumulative P/L a/o 6/30/2017

P/L by Company a/o 12/31/2016

Cash Flow Projections 2017

Banco Popular Bank Statement 8/24/2017

List of 10 Highest Paid Employees

ARSO RADIO CORPORATION AND AFFILIATES

AUDITORS' REPORT
AND COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2016

ARSO RADIO CORPORATION AND AFFILIATES

TABLE OF CONTENTS

VALDES, GARCIA, MARIN & MARTINEZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
MEMBER OF THE AICPA PRIVATE COMPANIES PRACTICE SECTION

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Independent Auditors' Report

To the Board of Directors of
Arso Radio Corporation and Affiliates

We have audited the accompanying combined financial statements of Arso Radio Corporation and Affiliates (entities identified in Note 1) (the Company), which comprise the combined balance sheet as of December 31, 2016, and the related combined statements of operations and retained earnings, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Arso Radio Corporation and Affiliates as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Combining Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information in the Additional Information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the combined financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Valdés, García, Marin & Martínez, LLP

San Juan, Puerto Rico
March 27, 2017

Stamp 281194 was affixed
to the original.

ARSO RADIO CORPORATION AND AFFILIATES

COMBINED BALANCE SHEET
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS	
Cash	$ 423,984
Note receivable	60,000
Accounts receivable	
Trade - net of allowance for doubtful accounts of $95,186	1,331,474
Related parties	1,760
Other	119,286
Prepaid taxes	55,269
Prepaid expenses	191,209
Deferred tax asset	18,655
Total current assets	2,201,637
NOTE RECEIVABLE	209,984
PROPERTY AND EQUIPMENT - net	6,152,385
OTHER ASSETS	
Goodwill - net	25,891,322
FCC licenses - net	12,216,111
Deferred tax asset - net	988,811
Deposits	16,524
Total other assets	39,112,768
Total assets	$ 47,676,774

(Continues)

See accompanying notes to combined financial statements.

ARSO RADIO CORPORATION AND AFFILIATES

COMBINED BALANCE SHEET
DECEMBER 31, 2016
(CONTINUED)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES	
Loans payable	$ 60,366
Current portion of:	
Long - term debt	639,098
Obligation under capital lease	29,507
Accounts payable	
Trade	307,475
Barter	171,287
Accrued expenses	927,617
Total current liabilities	2,135,350
LONG-TERM DEBT - net of current portion	16,869,160
DUE TO SHAREHOLDER	5,268,435
Total liabilities	24,272,945
COMMITMENTS AND CONTINGENCIES	-
SHAREHOLDERS' EQUITY	
Common stock	2,271,000
Retained earnings	21,132,829
Total shareholders' equity	23,403,829
Total liabilities and shareholders' equity	$ 47,676,774

See accompanying notes to combined financial statements.

ARSO RADIO CORPORATION AND AFFILIATES

COMBINED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Net sales	$ 10,999,606
Operating expenses	
General and administrative	3,892,731
Programming	2,600,703
Promotion	598,786
Selling	1,582,374
Technical	1,022,989
	9,697,583
Income before other revenues (expenses)	1,302,023
Other revenues (expenses)	
Depreciation and amortization	(116,697)
Interest - net	(889,811)
Rent	134,029
Gain on sale of vehicle	1,000
Other	3,275
	(868,204)
Income before income tax	433,819
Income tax (expense) benefit	
Current	(11,649)
Deferred	844,268
	832,619
Net income	1,266,438
Retained earnings at beginning of year	19,866,391
Retained earnings at end of year	$ 21,132,829

See accompanying notes to combined financial statements.

ARSO RADIO CORPORATION AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 1,266,438
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	116,697
Bad debt expense	(24,247)
Deferred tax benefit	(844,268)
Gain on sale of vehicle	(1,000)
Changes in operating assets and liabilities:	
Decrease in:	
Accounts receivable - trade and other	1,808
Prepaid expenses	147,685
Increase in:	
Accounts payable - trade and barter	157,416
Accrued expenses	16,952
Net cash provided by operating activities	837,481
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(10,130)
Payments to stockholder	(133,448)
Collection of principal of note receivable	24,000
Net cash used in investing activities	(119,578)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on line of credit	(10,793)
Principal payments of loans payables	(127,643)
Principal payments of obligation under capital lease	(11,225)
Principal payments of long-term debt	(529,801)
Net cash used in financing activities	(679,462)
Net increase in cash	38,441
Cash at beginning of year	385,543
Cash at end of year	$ 423,984

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Cash payments for income tax	$ 18,788
Cash payments for interest	$ 908,404

See accompanying notes to combined financial statements.

NOTE 1 ORGANIZATION AND NATURE OF BUSINESS

The accompanying combined financial statements include the accounts of Arso Radio Corporation ("Arso"), Uno Radio of Ponce, Inc. ("Ponce") and its wholly owned subsidiary Caribbean Broadcasting Corporation ("CBC"), Madifide, Inc. ("Madifide"), Turabo Radio Corporation ("Turabo"), JS Power Promotion Corporation ("JS Power") and WIAC-FM, Inc. ("WIAC") and its subsidiary MSG Radio, Inc. ("MSG"). These companies are related through common ownership and management, and are collectively referred to herein as Uno Radio Group, or the Company. All significant intercompany balances and transactions have been eliminated in consolidation and combination.

The entities were individually organized and incorporated under the laws of the Commonwealth of Puerto Rico. The Company is engaged in the radio broadcasting industry, operating FM and AM radio stations in Puerto Rico under the networks "Cadena Sal Soul", "Noti Uno", "Fidelity", "Radio Tiempo" and "Hot 102.5". Additionally, the Company is engaged in business promotions and advertising.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the most significant accounting policies followed by the Company in the preparation of its combined financial statements follows:

A. Revenue recognition

Revenues arise from promotional services and from network and local sales of advertising time, net of local and network agency commissions. Revenues are recognized when services are rendered and when commercial spots are broadcasted. Non-broadcasting revenues, interest and other miscellaneous income are recorded as other income when earned.

B. Barter transactions

The Company provides for certain bartering agreements of commercial air time in exchange for goods and services. Goods and services are capitalized or expensed as appropriate when received or utilized at the estimated fair market value of the product or service received. Revenues are recognized when the commercial spots are aired.

C. Property and equipment

Items capitalized as part of property and equipment, including significant betterments to existing facilities, are valued at cost.

(Continues)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Maintenance and repairs

Expenditures for maintenance, repairs and betterments which do not materially prolong the normal useful life of an asset have been charged to operations as incurred. Additions and betterments which substantially extend the useful life of the properties are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation or amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in operations.

E. Depreciation and amortization

Depreciation of property and equipment is provided using the straight-line method at various rates calculated to extinguish the book values of the respective assets over their estimated useful lives (ranging from five to thirty years). Amortization of leasehold improvements and depreciation of capital leases are provided using the straight-line method over the estimated useful lives of the assets or the terms of the leases, whichever is shorter.

F. Intangible assets

FCC licenses were transferred to the Company to operate its radio stations. Goodwill represents the excess of the cost of stations acquired in prior years over the fair value of their net assets at the date of acquisition.

These assets are deemed to have indefinite useful lives and, thus, are not subject to amortization for years after 2001 in accordance with the provisions of FASB Accounting Standards Codification 350 - Goodwill and Other Intangible Assets. The Company assesses the recoverability of its intangible assets in accordance with the provisions of FASB ASC - 350. No indications of impairment were evident as of December 31, 2016.

G. Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements, and the allocation of network revenues, interest, promotional, general and administrative expenses between the related companies. Upon settlement, actual results may differ from those estimates.

H. Advertising costs

Advertising costs are charged to operations when incurred. Advertising expense for the year ended December 31, 2016 was $18,393.

(Continues)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Income tax

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the bases of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

J. Long-lived assets

The Company reviews the carrying value of its long-lived and identifiable assets for possible impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Any long-lived asset held for disposal is reported at the lower of its carrying amount or fair value less cost to sell. The Company has not identified any significant impairment of its long-lived assets at December 31, 2016.

K. Date of management's review

The Company has evaluated events and transactions for potential recognition or disclosures through March 27, 2017, the date the financial statements were available for issuance.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Company maintains its cash accounts in a local commercial bank. Deposits are insured by the Federal Deposit Insurance Corporation up to $250,000. Amount in bank in excess of insured limit was $11,779 at December 31, 2016.

Another financial instrument that potentially subjects the Company to a concentration of credit risk is its accounts receivable. The accounts receivable balance as of December 31, 2016 is mostly from customers located in Puerto Rico. The Company generally does not require collateral and credit losses are provided for currently through the allowance for doubtful accounts. Management considers the net accounts receivable balance as readily collectible.

NOTE 4 PROPERTY AND EQUIPMENT

At December 31, 2016, property and equipment consists of the following:

Transmitter and studio technical equipment	$ 5,721,780
Furniture and fixtures	1,324,064
Vehicles (including capital lease)	537,546
Leasehold improvements	547,967
Building	639,446
	8,770,803
Accumulated depreciation and amortization	(8,380,285)
	390,518
Land	5,761,867
	$ 6,152,385

NOTE 5 INTANGIBLES

At December 31, 2016, licenses and goodwill and their related accumulated amortization are as follows:

Goodwill	$ 27,660,545
Accumulated amortization	(1,769,223)
	$ 25,891,322
FCC Licenses	$ 12,823,693
Accumulated amortization	(607,582)
	$ 12,216,111

The Company adopted the provisions of FASB ASC - 350 as of January 1, 2002 and determined that the goodwill and FFC licenses were no longer subject to amortization. The accumulated amortization of $2,376,805 consists of the amortization charged until December 31, 2001 for the intangible assets held at that time.

NOTE 6 NOTE RECEIVABLE

As of December 31, 2016, note receivable consists of the following:

Note receivable from the sale of a station, originally due and payable on October 2008. The terms of the note were renegotiated on December 2013 and January 2015. The note is payable in 134 monthly installments of $3,000, plus interest at 4.50% per annum, starting on February 5, 2015 through March 5, 2026.	$350,000
Allowance for doubtful accounts	(80,016)
	269,984
Current portion	(60,000)
Long-term portion	$209,984

The outstanding balance of the note receivable as of December 31, 2016 is due as follows:

Year ending December 31,	
2017	$ 60,000
2018	36,000
2019	36,000
2020	36,000
2021	36,000
Thereafter	146,000
	$350,000

NOTE 7 LOANS PAYABLE

At December 31, 2016, the balance of loans payable consists of the following:

A. Premium finance contract for $93,931 dated July 14, 2016. The loan bears interest at 5.28% and is payable in 10 consecutive monthly installments of principal and interest of $9,622 starting on August, 2016 thru May, 2017	$ 47,481
B. Premium finance contract for $21,263 dated August 30, 2016. The loan bears interest at 6.0% and is payable in 10 consecutive monthly installments of principal and interest of $2,185 starting on September, 2016 thru June, 2017	12,885
	$ 60,366

NOTE 8 LONG - TERM DEBT

Effective July 8, 2016, Arso and Madifide entered into a credit agreement with their creditor, a local commercial bank, to amend the terms and conditions of loan arrangements and outstanding indebtedness amounting to $12.9 million as of June 15, 2016. Pursuant to the terms of the amended credit agreement, Arso and Madifide became joint borrowers (Borrowers) under all of the original loan agreements, conditions of the original loan agreements were consolidated in one single document, and three new term loan facilities were created.

The new loans are guaranteed by the collateral described in the amended credit agreement, which includes mortgages over real properties of the Company, the personal guarantee of the shareholders of the Company, and all the capital stock of the Company.

At December 31, 2016, the balance of long-term debt is as follows:

A. Term Loan I for $5,613,250, due on January 5, 2018. The loan bears interest at 4.0% and is payable in 17 consecutive monthly installments of principal and interest of $29,809 commencing on August 8, 2016, and one final payment of the outstanding balance of principal plus accrued interest payable on the maturity date.	$ 5,559,272
B. Term Loan II for $6,291,859, due on January 5, 2018. The loan bears interest at 5.0% and is payable in 17 consecutive monthly installments of principal and interest of $51,065 commencing on August 8, 2016, and one final payment of the outstanding balance of principal plus accrued interest payable on the maturity date.	6,164,767
C. Term Loan III for $988,774, due on January 5, 2018. The loan bears interest at 5.0% and is payable in 17 consecutive monthly installments of principal and interest of $7,942 commencing on August 8, 2016, and one final payment of the outstanding balance of principal plus accrued interest payable on the maturity date.	969,219
Subtotal	$12,693,258

(Continues)

NOTE 8 LONG - TERM DEBT (CONTINUED)

Subtotal	$12,693,258
D. Promissory note for $7,090,000 dated August 30, 2012 for the acquisition of all of the assets and FCC licenses of an FM radio station. Provided timely payment of each monthly installment, the lender shall credit a reduction of principal in the sum of $500,000 on January 1st, 2014, of $100,000 on January 1st, 2016 and of $500,000 on July 1st, 2024. Originally, the note was payable in 99 consecutive monthly installments of $60,000 plus interest and one final installment of $50,000, starting in August 2012 through November 2020. The note bears interest at 4.25% per annum and is guaranteed by the common stock of WIAC. On November 23, 2015, the Company modified the terms of the note. The lender agreed to reduce the monthly payment as follows: (a) $12,500 starting on December 1, 2015 through November 1st, 2018; (b) $60,000 from December 1st, 2018 through June 1st, 2024; and (c) one final payment of $20,000 on July 1st, 2024.	4,815,000
	17,508,258
Current portion	(639,098)
Long-term debt - net of current portion	$16,869,160

Contractual maturities of the long-term debt for the next five years and thereafter are as follows:

Year ending December 31,	Amount
2017	$ 639,098
2018	12,401,660
2019	720,000
2020	720,000
2021	720,000
Thereafter	2,307,500
	$17,508,258

NOTE 9 OBLIGATION UNDER CAPITAL LEASE

The Company is the lessee of a motor vehicle under capital lease with monthly payment of $1,052. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is depreciated over the lower of its related lease term or its estimated productive life. Amortization of asset under capital lease is included in the depreciation expense for the year.

(Continues)

NOTE 9 OBLIGATION UNDER CAPITAL LEASE (CONTINUED)

A summary of the cost and related accumulated amortization of vehicle under capital lease as of December 31, 2016 follows:

Capital lease auto	$ 78,725
Accumulated amortization	(42,534)
	$ 36,191

Future minimum lease payments for the next year is as follows:

Obligation under capital lease	$ 29,658
Amount representing interest	(151)
Present value of minimum lease payments – current	$ 29,507

NOTE 10 RELATED PARTY TRANSACTIONS

Related parties include employees and shareholders. The balance due from employees represents cash advances. The balance due to shareholder represents cash advances received in prior years for the purchase of the FCC licenses of an FM radio station on September 2012. The balances due from/due to related parties are unsecured, non-interest bearing and have no definite due date.

NOTE 11 DEFERRED TAX ASSET AND INCOME TAX

The Company provides for income taxes under the liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered.

In accordance with the Puerto Rico Internal Revenue Code of 2011, as amended (PRIRC), each of the corporations in the Group files its separate income tax return. The income tax expense shown in the accompanying combined statement of operations and retained earnings represents the aggregate tax expense of the individual companies.

JS Power, with the consent of its shareholders, elected in 2004 to be an N Corporation in accordance with the provisions of the PRIRC. In lieu of corporate income tax, the shareholders of an N Corporation are taxed on their proportionate share of the entity's taxable income or loss. Therefore, no provision or liability for income tax of JS Power has been included in the 2016 combined financial statements.

(Continues)

NOTE 11 DEFERRED TAX ASSET AND INCOME TAX (CONTINUED)

For the year ended December 31, 2016, pre-tax accounting income differs from taxable income due to non-deductible expenses such as a portion of meals and entertainment and bad debts expense. In addition, other items are deductible for income tax purposes and not charged against book income such as the amortization of certain goodwill and accounts receivable write-offs. These differences resulted in an aggregate net deduction for tax purposes of $831,902.

As of December 31, 2016, the Company had net operating losses in the aggregate amount of $8,361,668 that under the PRIRC, as amended, and subject to certain conditions and restrictions imposed by law, may be carried forward to offset future years' taxable income, as follows:

	Expiration date December 31,						
	2021	2022	2023	2024	2025	2026	Total
Arso Radio Corporation	$ 804,532	$ 384,556	$ -	$ 1,080,047	$ -	$ -	$ 2,269,135
Uno Radio of Ponce Inc.	-	224,949	48,813	68,596	-	25,284	367,642
Turabo Radio Corporation	-	-	13,144	41,448	-	-	54,592
Caribbean Broadcasting Corporation	-	-	28,835	194,933	-	30,217	253,985
WIAC-FM, Inc.	-	174,351	874,916	1,235,090	341,115	379,375	3,004,847
MSG Radio, Inc.	-	319,389	360,844	479,704	-	13,224	1,173,161
Madifide, Inc.	-	-	719,694	475,085	-	43,527	1,238,306
	$ 804,532	$1,103,245	$2,046,246	$3,574,903	$ 341,115	$491,627	$ 8,361,668

The individual companies' income tax returns for years 2012 through 2015 are open to examination by the Puerto Rico Treasury Department, generally for four years after the filing date.

The tax effects of temporary differences that give rise to the deferred tax asset comprise the following:

Net operating loss carryforward	$1,672,334
Alternative minimum tax (AMT) credit	152,642
Allowance for bad debts	18,655
	$1,843,631

In assessing the realization of the deferred tax asset, management considers whether it is more-likely-than-not that some portion or the entire deferred tax asset will not be realized. The ultimate realization of the deferred tax asset is dependent upon the generation of future taxable income and the effect of applicable tax provisions. Management considers projected future taxable income and tax planning strategies in making this assessment.

(Continues)

NOTE 11 DEFERRED TAX ASSET AND INCOME TAX (CONTINUED)

Due to limitations on the corporate net operating loss and AMT credit deductions imposed by the PRIRC's provisions, management believes that the ultimate realization of the total deferred tax asset is uncertain. Thus, the Company established a valuation allowance at December 31, 2016, as follows:

Deferred tax asset	$1,843,631
Valuation allowance	(836,165)
	1,007,466
Current portion	18,655
Long-term portion	$ 988,811

The valuation allowance related to the deferred tax asset decreased by $774,721 from prior year.

NOTE 12 SHARES OF COMMON STOCK

As of December 31, 2016 the capital structure of the shares of common stock of the corporations comprising the accompanying combined financial statement is as follows:

Arso Radio Corporation	
$500 par value; 1,900 shares authorized, issued and outstanding	$ 950,000
Uno Radio of Ponce, Inc.	
$5 par value; 200,000 shares authorized; 200 shares issued and outstanding	1,000
Madifide, Inc.	
$10 par value; 100,000 shares authorized; 16,000 shares issued and outstanding	160,000
Turabo Radio Corporation	
$500 par value; 500 shares authorized; 300 shares issued and outstanding	150,000
JS Power Promotion Corporation	
$100 par value; 10,000 shares authorized; 100 shares subscribed	10,000
WIAC-FM, Inc.	
$100 par value; 10,000 shares authorized, issued and outstanding	1,000,000
	$2,271,000

NOTE 13 SUPPLEMENTARY DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year, the Company financed the acquisition of two insurance policies through loans amounting to $115,154. In addition, the Company sold to a shareholder a fully depreciated vehicle with a cost of $45,000 for $1,000. The balance due from the shareholder was credited against the shareholder's account payable.

Pursuant to the terms of a promissory note payable (refer to D in Note 8), the lender granted a $100,000 credit on the note's principal, which was recognized by the Company as a reduction of goodwill. Additionally, as explained in Note 8, Arso and Madifide entered into a credit agreement with their creditor, a local commercial bank, to amend the terms and conditions of loan arrangements and outstanding indebtedness amounting to $12.9, which were refinanced effective July 8, 2016.

NOTE 14 COMMITMENTS

The Company maintains month-to-month open-ended operating leases with third parties for tower location sites. Total rent expense under these operating leases amounted to $194,409 for the year ended December 31, 2016. In addition, the Company maintains service contracts with some of the radio stations' talents. Professional talent costs for the year totaled $1,154,491. The future contract payments as of December 31, 2016 for the next two years are as follows:

Year ending December 31,	Amount
2017	$79,500
2018	14,333
	$93,833

NOTE 15 CONTINGENCIES

Liabilities

As mentioned in Note 8, effective July 8, 2016, Arso and Madifide entered into a credit agreement with their creditor to amend the terms and conditions of loan arrangements and outstanding indebtedness. Pursuant to the terms of the amended credit agreement, three new term loan facilities were created. The amended loan agreement contains various covenants pertaining to the maintenance of operational and capex bank accounts with the creditor ($100,000 annual minimum balance in the capex account), and a debt service coverage ratio of at least 1.25:1.00, among others. At December 31, 2016, the Company was in breach of the capex account and the debt service coverage ratio covenants. As of March 27, 2017, the creditor has not answered a request for waiver in connection with these noncompliance events.

Litigation

The Company is involved in various lawsuits arising in the ordinary course of business. In the opinion of the Company's legal counsels and management, any liability resulting from such litigation would not be significant in relation to the Company's financial position.

ADDITIONAL INFORMATION